TO: Honorable Anthony J. Scirica, Chair

Standing Committee on Rules of Practice and Procedure

FROM: Honorable A. Thomas Small, Chair

Advisory Committee on Bankruptcy Rules

DATE: May 15, 2001

RE: Report of the Advisory Committee on Bankruptcy Rules

#### I. Introduction

The Advisory Committee on Bankruptcy Rules met on March 15-16, 2001, in New Orleans, Louisiana. The Advisory Committee considered public comments regarding proposed amendments to the Bankruptcy Rules that were published in August, 2000.

\* \* \* \* \*

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The Advisory Committee also approved a preliminary draft of proposed amendments to Bankruptcy Rules 1007, 2003, 2009, 2016, and 7007.1, and will present them to the Standing Committee at its June 2001 meeting with a request that they be published for comment. The Advisory Committee also approved a preliminary draft of proposed amendments to Official Forms 1 (Voluntary Petition), 5 (Involuntary Petition), and 17 (Notice of Appeal), and will present them to the Standing Committee at its June 2001 meeting with a request that they be published for comment.

- B. Preliminary Draft of Proposed Amendments to Bankruptcy Rules 1007, 2003, 2009, and 2016, and new Proposed Bankruptcy Rule 7007.1, and Proposed Amendments to Official Forms 1, 5, and 17.
  - 1. Synopsis of Proposed Amendments:
    - (a) Rule 1007 is amended to add an obligation for corporate debtors to include information regarding their owners that also are corporations. The disclosure provides to the court, at the beginning of the case, some of the information necessary to make judicial disqualification decisions.
    - (b) Rule 2003 is amended to reflect the enactment of a new subchapter V of chapter 7 of the Bankruptcy Code that makes multilateral clearing organizations eligible for bankruptcy relief.

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- (c) Rule 2009 is amended to reflect the enactment of a new subschapter V of chapter 7 of the Bankruptcy Code that makes multilateral clearing organizations eligible for bankruptcy relief.
- (d) Rule 2016 is amended to implement amendments made to 11 U.S.C. § 110(h)(1).
- (e) Rule 7007.1 is added to require parties in adversary proceedings to disclose corporate entities that own 10% or more of the stock of the party to provide the court with some of the information necessary to make judicial disqualification decisions.
- (f) Official Form 1 is the form of a voluntary petition, and it is amended to add a checkbox for designating a clearing bank case filed under subchapter V of chapter 7 of the Bankruptcy Code.
- (g) Official Form 5 is the form of an involuntary petition, and it is amended to give notice to child support creditors and their representatives that no filing fee is required and the petitioner files the form specified in § 304(g) of the Bankruptcy Reform Act of 1994, Pub. L. No. 103-394, 108 Stat. 4106 (Oct. 22, 1994).

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- (h) Official Form 17 is the form of a Notice of Appeal, and it is amended to give notice to child support creditors and their representatives that no filing fee is required if the appellant files the statement specified by § 304 (g) of the Bankruptcy Reform Act of 1994, Pub. L. No. 103-394, 108 Stat. 416 (Oct. 22, 1994).
- 2. Text of Proposed Amendments to Rules 1007, 2003, 2009, and 2016, and new Proposed Rule 7007.1, and Proposed Amendments to Official Forms 1, 15, and 17:

# PROPOSED AMENDMENTS TO THE FEDERAL RULES OF BANKRUPTCY PROCEDURE\*

1

# Rule 1007. LISTS, SCHEDULES, AND STATEMENTS; TIME LIMITS.

(a) LIST OF CREDITORS AND EQUITY SECURITY

2 HOLDERS, AND CORPORATE OWNERSH	<u>IIP</u>
3 <u>STATEMENT.</u>	
4 (1) Voluntary Case. In a voluntary case,	the
5 debtor shall file with the petition a list containing	the
6 name and address of each creditor unless the petition	n is
7 accompanied by a schedule of liabilities. <u>If the debto</u>	<u>r is</u>
8 <u>a corporation, other than a governmental unit, the deb</u>	otor
9 <u>shall file with the petition a corporate owners</u>	<u>hip</u>
10 <u>statement containing the information described in R</u>	<u>ule</u>
11 7007.1. The debtor shall file a supplemental statem	ent

<sup>\*</sup>New material is underlined; matter to be omitted is lined through.

- promptly upon any change in circumstances that renders the
- corporate ownership statement inaccurate.
- 14 \*\*\*\*\*

#### **COMMITTEE NOTE**

This rule is amended to require the debtor to file a corporate ownership statement setting out the information described in Rule 7007.1. Requiring debtors to file the statement provides the court with an opportunity to make judicial disqualification determinations at the outset of the case. This could reduce problems later in the case by preventing the initial assignment of the case to a judge who holds a financial interest in a parent company of the debtor or some other entity that holds a significant ownership interest in the debtor. Moreover, by including the disclosure statement filing requirement at the commencement of the case, the debtor does not have to make the same disclosure filing each time it is involved in an adversary proceeding throughout the case. The debtor also must file supplemental statements as changes in ownership might arise.

## Rule 2003. Meeting of Creditors or Equity Security Holders

1 \*\*\*\*\*

2 (b) ORDER OF MEETING.

3	(1) Meeting of Creditors. The United States trustee
4	shall preside at the meeting of creditors. The business
5	of the meeting shall include the examination of the
6	debtor under oath and, in a chapter 7 liquidation case,
7	may include the election of a trustee or of a creditors'
8	committee and, if the case is not under subchapter V of
9	chapter 7, the election of a trustee. The presiding officer
10	shall have the authority to administer oaths.

11

\* \* \* \* \*

The rule is amended to reflect the enactment of subchapter V of chapter 7 of the Code governing multilateral clearing organization liquidations. Section 782 of the Code provides that the designation of a trustee or alternative trustee for the case is made by the Federal Reserve Board. Therefore, the meeting of creditors in those cases cannot include the election of a trustee.

# Rule 2009. Trustees for Estates When Joint Administration Ordered

(a) ELECTION OF SINGLE TRUSTEE FOR
ESTATES BEING JOINTLY ADMINISTERED. If the cour
orders a joint administration of two or more estates <del>pursuan</del>
to <u>under</u> Rule 1015(b), creditors may elect a single trustee fo
the estates being jointly administered, unless the case is unde
subchapter V of chapter 7 of the Code.
(b) RIGHT OF CREDITORS TO ELECT SEPARATE
TRUSTEE. Notwithstanding entry of an order for join
administration pursuant to under Rule 1015(b), the creditors
of any debtor may elect a separate trustee for the estate of the
debtor as provided in § 702 of the Code, unless the case is

under subchapter V of chapter 7.

13	(c) APPOINTMENT OF TRUSTEES FOR ESTATES
14	BEING JOINTLY ADMINISTERED.
15	(1) Chapter 7 Liquidation Cases. Except in a case
16	governed by subchapter V of chapter 7, Tthe United
17	States trustee may appoint one or more interim trustees
18	for estates being jointly administered in chapter 7 cases.
19	* * * *

The rule is amended to reflect the enactment of subchapter V of chapter 7 of the Code governing multilateral clearing organization liquidations. Section 782 of the Code provides that the designation of a trustee or alternative trustee for the case is made by the Federal Reserve Board. Therefore, neither the United States trustee nor the creditors can appoint or elect a trustee in these cases.

Other amendments are stylistic.

# RULE 2016. COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES.

\* \* \* \* \* 1 2 (c) DISCLOSURE OF COMPENSATION PAID OR 3 PROMISED TO BANKRUPTCY PETITION PREPARER. 4 Every bankruptcy petition preparer for a debtor shall file a 5 declaration under penalty of perjury and transmit the 6 declaration to the United States trustee within 10 days after 7 the date of the filing of the petition, or at another time as the 8 court may direct, the statement required by § 110(h)(1). The 9 declaration must disclose any fee, and the source of any fee, 10 received from or on behalf of the debtor within 12 months of 11 the filing of the case and all unpaid fees charged to the debtor. 12 The declaration must describe the services performed and 13 documents prepared or caused to be prepared by the

14	bankruptcy petition preparer. A supplemental statement shall
15	be filed within 10 days after any payment or agreement not
16	previously disclosed.

This rule is amended by adding subdivision (c) to implement 110(h)(1) of the Code.

# RULE 7007.1. CORPORATE OWNERSHIP STATEMENT.

1	(a) REQUIRED DISCLOSURE. Any corporation that
2	is a party to an adversary proceeding, other than the debtor or
3	a governmental unit, shall file two copies of a statement that
4	identifies any parent corporation and any publicly held
5	corporation that owns 10% or more of its equity interests or
6	states that there is no such corporation.
7	(b) TIME FOR FILING. A party shall file the statement
8	required under Rule 7007.1(a) with its first pleading in an

- 9 adversary proceeding. A party shall file a supplemental
- statement promptly upon any change in circumstances that
- this rule requires the party to identify or disclose.

#### **COMMITTEE NOTE**

This rule is derived from Rule 26.1 of the Federal Rules of Appellate Procedure. The information that parties shall supply will support properly informed disqualification decisions in situations that call for automatic disqualification under Canon 3C(1)(c) of the Code of Conduct for United States Judges. This rule does not cover all of the circumstances that may call for disqualification under the subjective financial interest standard of Canon 3C, and does not deal at all with other circumstances that may call for disqualification. Nevertheless, the required disclosures are calculated to reach the majority of circumstances that are likely to call for disqualification under Canon 3C(1)(c).

The rule directs corporate parties other than the debtor and governmental units to list those corporations that hold significant ownership interests in them. This includes listing membership interests in limited liability companies and similar entities that fall under the definition of a corporation in Bankruptcy Code § 101.

Under subdivision (b), parties must file the statement with the first document that they file in any adversary proceeding. The rule also requires parties to file supplemental statements promptly

whenever changed circumstances require disclosure of new or additional information.

The rule does not prohibit the adoption of local rules requiring disclosures beyond those called for in Rule 7007.1.

(Official Form 1)(12/02)

United States Bankruptcy Court District of		Voluntary Petition	
Name of Debtor (if individual,	enter Last, First, Middle):	Name of Joint Debtor (Spouse) (Las	t, First, Middle):
All Other Names used by the (include married, maiden, and tr		All Other Names used by the Joint (include married, maiden, and trade name)	
Soc. Sec./Tax I.D. No. (if mo	ore than one, state all):	Soc. Sec./Tax I.D. No. (if more than	n one, state all):
Street Address of Debtor (No.	& Street, City, State & Zip Code):	Street Address of Joint Debtor (No.	& Street, City, State & Zip Code):
County of Residence or of the Principal Place of Business:	;	County of Residence or of the Principal Place of Business:	
Mailing Address of Debtor (if	different from street address):	Mailing Address of Joint Debtor (if	different from street address):
Location of Principal Assets of (if different from street address a			
Information Regarding the Debtor (Check the Applicable Boxes)  Venue (Check any applicable box)  Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.  There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.			
	cck all boxes that apply)  Railroad  Stockbroker  Commodity Broker  Clearing Bank	Chapter or Section of Bankrupto the Petition is Filed (Ch Chapter 7	ey Code Under Which neck one box)  11
Nature of Debts  Consumer/Non-Business	(Check one box)  Business	Filing Fee (Check o	
Chapter 11 Small Business (Check all boxes that apply)  Debtor is a small business as defined in 11 U.S.C. § 101  Debtor is and elects to be considered a small business under 11 U.S.C. § 1121(e) (Optional)  Filing Fee to be paid in installments (Applicable to individuals only Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form No. 3.			
Debtor estimates that, after a	will be available for distribution to un	secured creditors. dministrative expenses paid, there will	THIS SPACE IS FOR COURT USE ONLY
Estimated Number of Creditors	1-15 16-49 50-99 100-1		
Estimated Assets \$0 to \$50,001 to \$100,000 \$50,000 \$100,000 \$500,00	. , , , , , , , , , , , , , , , , , , ,	10,000,001 to \$50,000,001 to More than \$50 million \$100 million \$100 million	
Estimated Debts  \$0 to \$50,001 to \$100,00  \$50,000 \$100,000 \$500,00	. ,	\$10,000,001 to \$50,000,001 to More than \$50 million \$100 million	

(Official Form 1) (12/02) FORM B1, Page 2

Voluntary Petition (This page must be completed and filed in every case)  Name of Debtor(s):		
Prior Bankruptcy Case Filed Within Last 6 Ye	ars (If more than one, attach addition	onal sheet)
Location Where Filed:	Case Number:	Date Filed:
Pending Bankruptcy Case Filed by any Spouse, Partner or A		
Name of Debtor:	Case Number:	Date Filed:
District:	Relationship:	Judge:
Signati	ures	
Signature(s) of Debtor(s) (Individual/Joint)  I declare under penalty of perjury that the information provided in this petition is true and correct.  [If petitioner is an individual whose debts are primarily consumer debts and has chosen to file under chapter 7, I am aware that I may proceed under chapter 7, 11, 12 or 13 of title 11, United States Code, understand the relief available under each such chapter, and choose to proceed under chapter 7.  I request relief in accordance with the chapter of title 11, United States Code, specified in this petition.  X Signature of Debtor  Telephone Number (If not represented by attorney)  Date  Signature of Attorney	(e.g., forms 10K and 10Q) w Commission pursuant to Sect Exchange Act of 1934 and is re  Exhibit A is attached and m  Exhibit  (To be completed if de whose debts are prima I, the attorney for the petitioner in that I have informed the petitioner chapter 7, 11, 12, or 13 of title 11 explained the relief available under  X  Signature of Attorney for De  Exhibit Does the debtor own or have poses a threat of imminent and safety?	required to file periodic reports with the Securities and Exchange ion 13 or 15(d) of the Securities equesting relief under chapter 11) and a part of this petition.  Betor is an individual arily consumer debts) amed in the foregoing petition, declare extra the file or she] may proceed under 1, United States Code, and have exercach such chapter.
Signature of Attorney for Debtor(s)		orney Petition Preparer
Printed Name of Attorney for Debtor(s)	I certify that I am a bankruptcy p	petition preparer as defined in 11U.S.C. ent for compensation, and that I have
Firm Name	Printed Name of Bankruptcy	Petition Preparer
Address		
Mal anhana Ni mkan	Social Security Number	
Telephone Number	Address	
Signature of Debtor (Corporation/Partnership)  I declare under penalty of perjury that the information provided in this petition is true and correct, and that I have been authorized to file this petition on behalf of the debtor.  The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.	prepared or assisted in prepa If more than one person prep	_
X Signature of Authorized Individual	X	
	Signature of Bankruptcy Peti	tion Preparer
Printed Name of Authorized Individual	Date	
Title of Authorized Individual	A bankruptcy petition preparer's	s failure to comply with the provisions of Bankruptcy Procedure may result
Date	in fines or imprisonment or both	

Form 1 has been amended to provide a checkbox for designating a clearing bank case filed under subchapter V of chapter 7 of the Code enacted by § 112 of Pub. L. No. 106-554 (December 21, 2000).

United States Bankruptcy CourtDistrict of			INVOLUNTARY
			PETITION
IN RE (Name of Debtor - If Individual: Last, Fi	rst, Middle)	ALL OTHER NAMES used (Include married, maiden, a	by debtor in the last 6 years and trade names.)
SOC. SEC./TAX I.D. NO. (If more than one, sta	ate all.)	_	
STREET ADDRESS OF DEBTOR (No. and street	et, city, state, and zip code)	MAILING ADDRESS OF	DEBTOR (If different from street address)
	OF RESIDENCE OR AL PLACE OF BUSINESS	-	
LOCATION OF PRINCIPAL ASSETS OF BUSIN	NESS DEBTOR (If different	from previously listed address	sses)
CHAPTER OF BANKRUPTCY CODE UNDER	WHICH PETITION IS FIL	ED	
☐ Chapter 7	Chapter 11		
INFORM	IATION REGARDING D	DEBTOR (Check applicabl	e boxes)
Petitioners believe:  Debts are primarily consumer debts Debts are primarily business debts (complete sections A and B)  TYPE OF DEBTOR Individual Corporation Publicly Held Partnership Corporation Not Publicly Held Other:			
A. TYPE OF BUSINESS (Check one)  Professional Transportation Commodity Broker Retail/Wholesale Manufacturing/ Construction Railroad Mining Real Estate Stockbroker Other		IBE NATURE OF BUSINESS	
	VENU	E	
Debtor has been domiciled or has had a preceding the date of this petition or for	residence, principal place of a longer part of such 180	of business, or principal asso days than in any other Distr	ets in the District for 180 days immediately ict.
A bankruptcy case concerning debtor's	affiliate, general partner or	partnership is pending in th	is District.
PENDING BA	ANKRUPTCY CASE FIL	ED BY OR AGAINST AN	Y PARTNER
		rmation for any additional c	ases on attached sheets.)
Name of Debtor	Case Number		Date
Relationship	District		Judge
	EGATIONS oplicable boxes)		COURT USE ONLY
<ol> <li>Petitioner(s) are eligible to file this</li> <li>The debtor is a person against whom of the United States Code.</li> <li>The debtor is generally not paying such debts are the subject of a bona</li> <li>Within 120 days preceding the filing receiver, or agent appointed or authof the property of the debtor for the property, was appointed or took p</li> </ol>	such debtor's debts as they a fide dispute; or ag of this petition, a custodi corized to take charge of lese purpose of enforcing a lie	e entered under title 11 become due, unless ian, other than a trustee, ss than substantially all	

FORM 5	Involuntary	Petition
(12/02)		

Name of Debtor	
Case No.	
	(court use only)

TRANSFER OF CLAIM					
Check this box if there has been a transfer of any claim agains the transfer and any statements that are required under Bankr	st the debtor by or to any petitioner. Attach a ruptcy Rule 1003(a).	all documents evidencing			
REQUES	T FOR RELIEF				
Petitioner(s) request that an order for relief be entered against the other this petition.	debtor under the chapter of title 11, United S	tates Code, specified in			
Petitioner(s) declare under penalty of perjury that the foregoing is true and correct according to the best of their knowledge, information, and belief.					
X	X				
X Signature of Petitioner or Representative (State title)	Signature of Attorney	Date			
Name of Petitioner Date Signed	Name of Attorney Firm (If any)				
Name & Mailing Address of Individual	Address				
Signing in Representative Capacity	Telephone No.				
X	X				
Signature of Petitioner or Representative (State title)	Signature of Attorney	Date			
Name of Petitioner Date Signed	Name of Attorney Firm (If any)				
Name & Mailing Address					
Address of Individual Signing in Representative	Telephone No.				
Capacity	relephone No.				
X	X				
Signature of Petitioner or Representative (State title)	Signature of Attorney	Date			
Name of Petitioner Date Signed	Name of Attorney Firm (If any)				
Name & Mailing Address of Individual	Address				
Signing in Representative Capacity	Telephone No.				
PETITIONING CREDITORS					
Name and Address of Petitioner	Nature of Claim	Amount of Claim			
Name and Address of Petitioner	Nature of Claim	Amount of Claim			
Name and Address of Petitioner	Nature of Claim	Amount of Claim			
Note: If there are more than three petitioners, attach additional penalty of perjury, each petitioner's signature under the and petitioning creditor information in the format above.		Total Amount of Petitioners' Claims			

Form 5 is amended to give notice that no filing fee is required if a child support creditor or its representative is a petitioner, and if the petitioner also files a form detailing the child support debt, its status, and other characteristics, as specificed in § 304(g) of the Bankruptcy Reform Act of 1994, Pub. L. No. 103-394, 108 Stat. 4106 (Oct.22, 1994).

### United States Bankruptcy Court

	District Of
In re,	
Debtor	Case No
	Chapter
[Caption as in Fort	m 16A, 16B, 16C, or 16D, as appropriate]
N	OTICE OF APPEAL
§ 158(a) or (b) from the judgment, order, or opposeding [or other proceeding, describe ty	, the plaintiff [or defendant or other party] appeals under 28 U.S.C. decree of the bankruptcy judge (describe) entered in this adversary [ope] on the day of,  (month) (year)  ment, order, or decree appealed from and the names, addresses, and eys are as follows:
Dated:	
	Attorney for Appellant (or Appellant, if not represented by an Attorney)
Attorney	Name:
Address:	i
Telephone No:	

If a Bankruptcy Appellate Panel Service is authorized to hear this appeal, each party has a right to have the appeal heard by the district court. The appellant may exercise this right only by filing a separate statement of election at the time of the filing of this notice of appeal. Any other party may elect, within the time provided in 28 U.S.C. § 158(c), to have the appeal heard by the district court.

If a child support creditor or its representative is the appellant, and if the child support creditor or its representative files the form specified in  $\S 304(g)$  of the Bankruptcy Reform Act of 1994, no fee is required.

Form 17 is amended to give notice that no filing fee is required if a child support creditor or its representative is the appellant, and if the child support creditor or its representative files a form detailing the child support debt, its status, and other characteristics, as specified in § 304(g) of the Bankruptcy Reform Act of 1994, Pub. L. No. 103-396, 108 Stat. 4106 (Oct. 22, 1994).